

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:

ID No.

Telephone Number:

Refer Reply To:
CC:CORP:B02
PLR-136205-12
Date:
January 15, 2013

Legend

Controlled =

a =

Dear :

This letter ruling responds to your August 20, 2012, request, submitted by your authorized representative, for a ruling supplementing PLR-116796-11 issued by this office to the distributing corporation, which is not a party to this ruling request. The information provided in that request and in later correspondence is summarized below.

The ruling contained in this letter is based upon facts and representations submitted by the taxpayer and accompanied by a penalties of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. Verification of the information, representations, and other data may be required as part of the audit process.

SUMMARY OF FACTS

The distributing corporation is the common parent of an affiliated group that files a U.S. consolidated federal income tax return. The distributing corporation formed Controlled and contributed to Controlled stock of certain of the distributing corporation's subsidiaries that conducted the business to be spun off (the "Contribution"). The

distributing corporation then distributed all of the common stock of Controlled pro rata to its shareholders (the "Spin-Off"). Before such transaction, the distributing corporation received rulings providing among other things that the Contribution together with the Spin-Off would qualify as a reorganization within the meaning of section 368(a)(1)(D), and no gain or loss would be recognized by (and no amount would be included in the income of) the shareholders of the distributing corporation on the receipt of the Controlled common stock in the Spin-Off under section 355(a)(1).

REPRESENTATIONS

- 1) The gross fair market value of the business transferred to Controlled in the Contribution represented approximately a percent of the gross fair market value of all of the distributing corporation's assets at the time of the transfer.
- 2) Controlled has not taken a position consistent with its treatment as a successor to the distributing corporation within the meaning of section 1504(a)(3).

RULINGS

Based solely on the information submitted and the representations made, we rule as follows:

Immediately following the spin-off, Controlled will not be a successor to the distributing corporation for purposes of section 1504(a)(3). Therefore, Controlled and its direct and indirect subsidiaries that are "includible corporations" (within the meaning of section 1504(b)) and satisfy the ownership requirements of section 1504(a)(2) will be members of an affiliated group of corporations entitled to file a consolidated federal income tax return with Controlled as the common parent immediately following the Spin-Off.

CAVEATS

Except as expressly provided herein, no opinion is expressed or implied concerning the tax treatment of the transaction under other provisions of the Code or the regulations, or the tax treatment of any conditions existing at the time of, or effects resulting from the transaction that are not specifically covered by the above ruling.

PROCEDURAL MATTERS

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

Sincerely,

Gerald B. Fleming
Senior Technician Reviewer Branch 2
Office of Associate Chief Counsel (Corporate)